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ADDRESS

OF

PATRICK A. COLLINS

MAYOR OF BOSTON

TO

THE CITY COUNCIL

JANUARY 5, 1903



BOSTON
MUNICIPAL PRINTING OFFICE

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Gentlemen of the City Council:

The primary subject to engage our attention at the beginning of a new year of civic responsibility is the condition of the finances.

By reference to Appendix I, it will be seen that during the past year the gross debt has increased \$3,237,833.72, and the net debt \$5,656,771.56.

A large amount of this increase is due to the loans of \$1,500,000 for school land and buildings, two belated assessments from the Metropolitan Park Commissioners, the necessity for reducing by more than \$500,000 the City's expectations of a return from betterments, and to some minor causes. The other items represent issues of bonds for objects legitimately falling into the class to be paid for out of loans instead of current revenue, including those imposed upon the City by statute law, like the buildings of the Cambridge bridge, the Broadway bridge and the East Boston Tunnel. Of the gross amount of bonds issued, \$4,426,551 was authorized before 1902, and the rest, \$3,280,000, within the year. The obvious fact cannot be ignored that

Boston either plunges or is rushed into deeper debt every year.

. At some time the debt must be paid, unless, indeed, we adopt the view that "a public debt is a public blessing." Meanwhile the sinking-fund requirements and interest run into the millions, and our burden per capita far exceeds that of any other great City in the country. It is idle, as well as difficult, to say what might be avoided were we left to ourselves to manage our own local affairs, and control the expenditure.

The Commonwealth has, however, in the exercise of its undoubted sovereign power, laid upon the City burdens not of our own seeking, which we are forced to carry, with little or no voice in their imposition.

In 1898 the net amount paid by the City to the State in settlement was \$555,009.07, while in 1902 it amounted to \$2,025,018.74.

The gross payments made by the City to the State in 1902 are as follows:

State tax	\$541,920 00
Abolition of grade crossings	179,243 78
Armory loan, sinking fund and interest	34,223 15
Metropolitan Parks:	
Assessment, 1900	\$258,961 59
" 1901	285,448 59
" 1902	309,709 50
Interest on deferred payments	24,334 22
	<hr/>
	878,453 90
<i>Carried forward</i>	<hr/>
	\$1,633,840 83

<i>Brought forward</i>	\$1,633,840 83
Metropolitan Sewers :	
North system	\$57,795 99
South system	52,534 36
	<hr/>
	110,330 35
Metropolitan water	1,274,105 31
Highways in full to August 1, 1902	11,109 91
	<hr/>
	<u>\$3,029,386 40</u>

Boston pays nearly 40 per cent. of the State tax proper, 50 per cent. of the Metropolitan park assessment, 82.41 per cent. of the Metropolitan water assessment and 25 per cent. of the Metropolitan sewer assessment.

While we have no right as a City Government to instruct the Senators and Representatives from the City in the General Court, we may be pardoned for reminding them of the proportion of the weight that their own constituents must carry of State and metropolitan district expenses, and to suggest that no new ventures, save those imperatively calling, be adopted until this community can better afford to answer. Besides, it must be borne in mind that under existing conditions the monetary obligations of the City to the State are likely to increase; this very year, for example, we shall have to provide from current revenue some \$400,000 for water assessments more than last year, thus either adding to the tax rate or subtracting from purely local uses that amount.

The Police Department eighteen years ago was taken from the control of the people of the City and handed over to a commission appointed by the Governor of the State. It is no reflection upon the excellent character of the Commissioners or upon the creditable manner in which they perform their duties to insist that the act was a violation of the first principle of home rule and a needless and profitless wound to the pride of the first City in the Commonwealth. It is beside the question to argue that the work is quite as well done as it could be under local directions. It is enough to answer that the system in itself is false.

Territorially, the County of Suffolk consists of Boston, Chelsea, Revere and Winthrop; for all purposes of paying the bills, it is simply Boston. The other three towns contribute their share of everything but money.

Probably two-thirds of all the litigation of the State comes to our County Courts. Judges are easy of access, the City is now within short time distance of the mass of population, and the juries are liberal. A large percentage of the heavy County expenditure is caused by the accommodation of outside litigants. Boston pays it all, and is threatened with a demand for increased court-house accommodations, altogether because of the business that it does not itself contribute. Why the City has waited so long without making some attempt to adjust the

equities between it on the one side and the State and County on the other I am unable to conjecture. At present the statement is timely that for State, Metropolitan, Police and County purposes, this City pays some 30 per cent. of what it raises by taxing its people for purposes over which it has no efficient control and from some of which it gets small benefit.

The amount which the City had the right to borrow within the debt limit in 1902 was \$3,792,546.16. Nearly all this amount has been authorized, and most of the loans have been issued.

The borrowing capacity of the City within the debt limit is this year but \$2,686,840.33. Against this amount the first charge is \$1,500,000 for new school buildings and grounds.

It will be necessary to provide a like amount next year also, to make up for previous years' neglect and provide the 10,000 children now in portable school-houses or hired premises with adequate and permanent shelter. The work of school-house building is progressing as rapidly as possible, and when the work of the Commission in charge is done the City will have school accommodations probably equal to the best in the Union. In addition to the \$1,500,000 raised from loans in 1902 there was provided from current revenue \$90,000 to finish grounds and buildings and pay balances on contracts inherited from the School Committee. Thus

last year the City provided \$1,590,000, or \$46,000 more than the School Committee demanded with considerable heat, but it was done in a way that more equitably distributed the burden. It will be my pleasure to formally recommend at an early day the appropriation of the full amount authorized by law — \$1,500,000 — for new school sites and school-houses this year.

If this amount be provided for the purpose, there will remain available for other uses only \$1,186,840.33, as against \$2,292,546.16 last year.

It is therefore clear that the utmost care must be exercised in selecting the objects to which loans from this comparatively small fund should be applied, and it is equally clear that in the circumstances no part of it should go except to meet the most pressing general needs, and to objects of the highest public utility.

In the laying-out and construction of highways, the time has come when further laying-out must cease until those already laid out are provided for in some way.

As this account stands now, there is a deficit of \$826,336.93 (closely estimated), without reckoning interest, in the fund available to meet obligations already incurred (see exhibit 5), while takings aggregating about \$600,000 in cost await my approval, reluctantly withheld until means for payment appear.

Chapter 323 of the Acts of 1891 embodied a comprehensive plan in harmony with the most approved

systems of new street-making adopted in great cities. It provided among other things for the laying out and construction of streets and the assessment of the cost upon those immediately benefited. It also authorized the City to raise by loan a fund not exceeding \$3,000,000 to carry out the improvements indefinitely; the theory and expectation being that the whole amount spent would be repaid by the persons benefited from time to time, and that thus a perpetual fund would be created to make new streets. It was not, of course, contemplated that abutters should pay the cost of great thoroughfares. The act in its operation did not produce the expected result.

A glance at the Auditor's reports showing income from assessments proves discouraging. After some time a mistaken judgment that, from the trend of decisions, the Supreme Court might pronounce the imposition of the whole cost unconstitutional, caused the law to be amended so that only the adjudged benefit to an estate should be assessed, the actual cost disappearing. Instead of a fixed quantity—cost—equitably distributed, the uncertain element of benefit still further reduced the public income from street making, and the fund, once intended to be permanent, soon vanished.

A later Act authorized the City to further borrow, but provided that the bonds and certificates outstanding should never be more than \$6,000,000 in excess

of the Sinking Funds for the payment of the debt. Out of the fund comes also deficiencies in Sinking Fund requirements — last year amounting to nearly \$150,000 — while the income from assessments upon estates benefited contributed only about \$50,000 of this. Perhaps the small income was influenced by the decision in the case of *Warren vs. Boston*, which came from the Supreme Court very early last year, and will be published in *Mass. Reports*, Vol. 181. Its instant effect was to arrest new street making, and to deter assessment debtors of the City from making any payments. An appeal to the Legislature for power to reassess, and to allow future street construction here to be done as it is done elsewhere in the Commonwealth, resulted in limiting the power of the City to assess betterments for but one-half of the benefit, instead of the whole benefit, as recently, and the whole cost a short time ago. This result was reached against the official protest of the City, but mainly promoted by citizens of Boston most vitally interested in having new streets laid out, by reducing the income of the City 50 per cent. from assessments.

This reduction of the income of the City by 50 per cent. from assessments thereby so much reduced the resources of the City to do precisely what these citizens desired.

The power of the City to borrow under the \$6,000,000 limitation is practically exhausted —

\$1,000,000 was authorized last year and bonds to the amount of \$500,000 are issued. Apparently not more than \$200,000 more can be authorized and this amount may have to yield to the Sinking Fund instead of being available for land damages and construction. A lonely off-set hope is in the payment of such assessments as the law now permits.

It is manifest that in new street making we have gone to the limit of financial safety under existing law, and that we cannot proceed further in the same direction until we find our bearings.

Moreover, to some great and necessary public improvements the City is already pledged, or will soon be committed.

Cove-street Bridge will cost about \$1,000,000. The money can be raised by loan outside of the debt limit, but is not provided. The new Cambridge Bridge will cost the City about \$1,000,000, and the approach on the Boston side an indefinite amount.

We owe for the taking of the abandoned road-bed of the Old Colony Railroad Company, in South Boston and Dorchester a very considerable sum, and there is yet no provision made to pay it. It may cost \$700,000.

The merchants and teamsters of Boston unite in a request for the widening of Atlantic avenue, between Rowe's wharf and Eastern avenue, by reducing the width of the sidewalks and thereby increasing the

width of the roadway for vehicles. This would greatly relieve the traffic congestion in the district, and would probably not cost more than \$100,000. The City Engineer is now studying the problem.

The City pays the interest on its bonds for the construction of the East Boston Tunnel, now nearing completion. It will also have to issue within the next three years some \$5,000,000 bonds for the construction of the Washington-street Subway and provide the money on similar terms. No rental nor income of any kind can reach the City Treasury until the completion of the works and the entry of the tenant into possession. In the interval the taxpayers must bear the load.

These suggestions are not in the nature of a complaint, but merely as a warning that for at least three years to come the City is mortgaged to the extent of its reasonable ability to pay.

When the City owned, and therefore had entire command of its water works, supply as well as distribution, the confident hope of the water takers was that the system would be adjusted financially so that the water-takers themselves, as distinguished from the general tax-payers, would ultimately get their supply at cost. This was the popular theory at the start, and it probably would have worked out to the expected result if the State had not stepped in and taken the supply property, paying the City therefor in principal and interest \$12,768,948.80.

Under the order of the City Council of September 16, 1898, the first two instalments amounting to \$5,000,000 were invested in City bonds and the income used towards paying the Metropolitan Water Assessments. This was rational financiering, but under an order of the City Council of November 5, 1900, the whole principal sum of \$12,531,000 then existent was used to cancel the following bonds:

Water Debt	\$5,608,356 70
Sewerage Works	2,000,000 00
Laying-Out and Construction of Highways	2,315,000 00
Blue Hill and Other Avenues	990,000 00
Market or Other Public Purposes	616,000 00
Stony Brook Improvement	316,000 00
New Cambridge Bridge	250,000 00
Cambridge Bridge	200,000 00
South Union Station	100,000 00
Atlantic Avenue Extension	125,000 00
Charlestown Bridge	10,000 00
	<hr/>
	\$12,530,356 70
Premium on Bonds purchased	643 30
	<hr/>
	<u>\$12,531,000 00</u>

This was clearly a diversion of a fund amounting to nearly \$7,000,000 belonging to water account, and carried to cancel general debt. This partially accounts for the large deficit which had to be met last year out of general current revenue for the support of the Water Department.

It is presumed that when Chapter 427 of the Acts of 1898 was passed, it was expected that the Water

Department would be self-supporting, including ability to extend new mains, for Section 3 prohibits the City from incurring debt for that purpose without further authority from the Legislature. This Act to take effect required acceptance by the City Council. Both branches voted to accept. On July 19, 1898, the Mayor vetoed the acceptance order, and the veto was sustained. Thus rested the Act until January 2, 1902, when my immediate predecessor recommended its acceptance, and both branches of the City Council passed the order of acceptance without debate, the Common Council voting for it less than forty-eight hours before the present Mayor took the oath of office. Why this Act, once rejected, and dormant for three years and six months, should have been thrown into a moribund City Council in the last days of its existence for hurried and undebated action is a question that I cannot officially answer.

The Water Department, like all other great branches of the government, has new constructive work to do from time to time, and when such work is urgently needed for the public safety, current income being insufficient, the obvious and rational alternative is to borrow the money for it. This condition meets us now, and while not publicly disclosing the special reasons, lest the timid may take fright, I am compelled to ask that the borrowing power of the City for the extensions of mains be restored.

In the estimates for the running expenses of the departments during the current year, which have been carefully scrutinized, a marked improvement towards modesty of demand is apparent; yet in nearly all cases larger appropriations are asked for, aggregating much more than the tax levy can meet.

The heads of departments, to whom during the past year I am indebted for most loyal co-operation in serving the City, are entitled to at least a word of appreciation; but this year they must do even better, experience assisting the effort, so that at the end they will earn still further commendation.

It was fortunate that in the appropriation bill we carried a liberal amount to reserve. The rise in the price of food and coal for City institutions, with resulting deficits, as well as other emergent calls upon the treasury, will probably be met by the fund, but could not well be met otherwise.

My judgment is that when a corporation has \$16,000,000 or more to appropriate a factor of safety is a reserve fund of not less than \$300,000 to meet contingencies.

My purpose now is not to cover the whole ground of Municipal activity or discuss all problems, but merely to deal suggestively with what seems most important and pressing. Whenever it may seem necessary or advisable it will be my duty to supplement this message by communications relating to special subjects or details of administration.

We are all charged by our constituents to serve the City—not ourselves. It is a contract of our own making. A summons to serve a City like Boston is a proud distinction, and an honor to be cherished by our children and kindred.

May I ask you through the year to co-operate with me in serving the whole City according to our best lights and understanding?

APPENDIX.

APPENDIX.

EXHIBIT I.

CITY AND COUNTY DEBT.

Gross funded debt, December 31, 1901 . . .	\$79,876,172 28
Add funded debt issued in 1902 . . .	7,706,551 00
	<u>\$87,582,723 28</u>
Deduct funded debt paid in 1902 . . .	4,468,717 28
	<u>\$83,114,006 00</u>
Gross debt, December 31, 1902 . . .	
Sinking Funds, December	
31, 1901 . . .	\$30,371,112 65
Receipts during 1902 . . .	2,983,146 03
	<u>\$33,354,258 68</u>
Payments during 1902 . . .	4,507,161 91
	<u>\$28,847,096 77</u>
Betterments, etc., the pay- ments of which are pledged to the payment of debt:	
Betterments, etc. . .	\$947,656 94
Sidewalk as- sessments, Ch. 437, Acts of 1893 . . .	648 57
Blue Hill and Other Ave- nues, as- sessments, . . .	494,719 36
	<u>1,443,024 87</u>
Total redemption means December 31, 1902 . . .	30,290,121 64
Net debt, December 31, 1902 . . .	<u>\$52,823,884 36</u>

Gross debt, December 31, 1902	\$83,114,006 00
Gross debt, December 31, 1901	79,876,172 28
Increase	<u>\$3,237,833 72</u>
Net debt, December 31, 1902	\$52,823,884 36
Net debt, December 31, 1901	47,167,112 80
Increase	<u>\$5,656,771 56</u>
City debt	\$70,131,006 00
County debt	3,482,000 00
Cochituate water debt	9,501,000 00
	<u>\$83,114,006 00</u>

EXHIBIT II.

PAYMENTS TO STATE.

State tax, 1902	\$1,500,000 00
Boston's share	541,920 00
Percentage of the whole, 36.128%.	

METROPOLITAN DISTRICT ASSESSMENTS. — PAID IN 1902.

METROPOLITAN PARKS.

1900 Assessment.

	Total Assessment.	50 per cent. or	Boston's Share.
Sinking Fund	\$124,173 17		\$62,086 59
Interest: Parks	212,250 00		106,125 00
Boulevards	46,000 00		23,000 00
Nantasket	18,000 00		9,000 00
Cost of Maintenance:			
Parks	88,500 00		44,250 00
Boulevards	22,500 00		11,250 00
Nantasket	6,500 00		3,250 00
	<u>\$517,923 17</u>		<u>\$258,961 59</u>

1901 Assessment.

	Total Assessment.	50 per cent. or	Boston's Share.
Sinking Fund	\$127,562 88		\$63,781 46
Interest: Parks	212,818 00		106,409 00
Boulevards	46,341 25		23,170 63
Nantasket	18,000 00		9,000 00
Cost of Maintenance:			
Parks	120,950 00		60,475 00
Boulevards	30,225 00		15,112 50
Nantasket	15,000 00		7,500 00
	<u>\$570,897 13</u>		<u>\$285,448 59</u>

1902 Assessment.

	Total Assessment.	50 per cent. or	Boston's Share.
Sinking Fund	\$137,894 46		\$68,947 25
Interest: Parks	223,750 00		111,875 00
Boulevards	50,875 00		25,437 50
Nantasket	19,400 00		9,700 00
Cost of Maintenance:			
Parks	132,343 00		66,171 50
Boulevards	40,156 50		20,078 25
Nantasket	15,000 00		7,500 00
	<u>\$619,418 96</u>		<u>\$309,709 50</u>
Interest on Deferred Pay- ments	48,668 43		24,334 22
	<u>\$668,087 39</u>		<u>\$334,043 72</u>

RECAPITULATION OF METROPOLITAN PARK ASSESSMENTS. — PAID
IN 1902.

	Total Assessment.	50 per cent. or	Boston's Share.
1900	\$517,923 17		\$258,961 59
1901	570,897 13		285,448 59
1902	668,087 39		334,043 72
	<u>\$1,756,907 69</u>		<u>\$878,453 90</u>

METROPOLITAN WATER ASSESSMENT. — 1902.

	Total Assessment.	Boston's Share.
Sinking Fund	\$471,145 71 <small>82.41 per cent. or</small>	\$388,265 01
Interest	753,923 46	621,298 46
Maintenance	321,012 06	264,541 84
	<u>\$1,546,081 23</u>	<u>\$1,274,105 31</u>

METROPOLITAN SEWER ASSESSMENTS, 1902.

	Total Assessment.	Boston's Share.
North System :		
Sinking Fund	\$46,385 79	\$7,834 56
Interest	169,325 00	28,598 99
	<u>\$215,710 79</u> <small>16.89 per cent. or</small>	<u>\$36,433 55</u>
Maintenance	103,400 00 <small>20.66 per cent. or</small>	21,362 44
	<u>\$319,110 79</u>	<u>\$57,795 99</u>
South System :		
Sinking Fund	\$28,234 26	\$11,976 98
Interest	*	*
	<u>\$28,234 26</u> <small>42.42 per cent. or</small>	<u>\$11,976 98</u>
Maintenance	93,666 00 <small>43.30 per cent. or</small>	40,557 38
	<u>\$121,900 26</u>	<u>\$52,534 36</u>
Total of Sewer Assessments	<u>\$441,011 05</u> <small>25 per cent. or</small>	<u>\$110,330 35</u>

The proportions in which the several cities and towns in the district shall annually pay are fixed for terms of five years by Commissioners appointed by the Supreme Judicial Court; the proportions of the Interest and Sinking Fund requirements being based on the valuation and the proportions of the maintenance and operation on the population of the districts.

The present apportionments are for the following terms :

North System, 1901 to 1905, both inclusive.

South System, 1900 to 1904, both inclusive.

*No charge this year, as the premium on bonds sold, which is credited to the interest account, was more than sufficient to pay this year's increase.

CITY OF BOSTON.

ESTIMATED WATER ASSESSMENTS, MADE IN DECEMBER, 1902.

YEAR.	Total Metropolitan Water Assessment.	Boston's Percentage.	Boston's Assessment.
1903 . . .	\$2,006,900	80.86	\$1,622,700
1904 . . .	2,100,900	77.40	1,626,100
1905 . . .	2,198,000	76.52	1,682,000
1906 . . .	2,218,700	76.39	1,694,800
1907 . . .	2,228,700	75.80	1,689,300
1908 . . .	2,238,700	75.20	1,683,600
1909 . . .	2,248,700	75.08	1,688,400

EXHIBIT III.

COUNTY OF SUFFOLK.

Appropriations, 1902-03 :

General Expenses . . .	\$740,000 00	
House of Correction :		
Deer Island . . .	160,000 00	
South Boston . . .	86,500 00	
Office Expenses, Penal Institutions Comm'r .	23,500 00	
	<hr/>	\$1,010,000 00

County Debt Requirements :

Sinking Fund and Prin- cipal	\$64,443 00	
Interest	125,680 00	
	<hr/>	190,123 00
		<hr/>
		<u>\$1,200,123 00</u>

EXHIBIT IV.

RIGHT TO BORROW IN 1903.

Total Debt, City and County, January 1, 1903 .	\$83,114,006 00
Less Special Loans (outside of limit)	\$34,605,000 00
Cochituate Water Debt	9,501,000 00
County Debt (outside of limit),	2,921,000 00
	<u>47,027,000 00</u>
	\$36,087,006 00
Sinking Funds	\$29,024,059 11
Less Cochituate Water Sinking Fund	\$8,891,183 00
Special Loans Sinking Funds	7,492,395 53
County Court-House Sinking Fund	745,116 35
	<u>17,128,694 88</u>
	11,895,364 23
Debt, excluding debts outside of limit and deducting Sinking Funds for said debt	<u>\$24,191,641 77</u>
Two and one-half per cent. on \$1,148,529,060 (average valuation for three years), less abatements	\$28,713,226 50
Debt, as above	<u>24,191,641 77</u>
Right to borrow under Chapter 27, Revised Laws, January 1, 1903	\$4,521,584 73
April 1, 1903, Interest on Investments	111,108 05
May 30, 1903, Interest on Investments	4,470 00
<i>Carried forward</i>	<u>\$4,637,162 78</u>

<i>Brought forward</i>	\$4,637,162 78
July 1, 1903, Interest on Investments	48,362 25
October 1, 1903, Interest on Investments	111,108 05
October 1, 1903, Debt paid from appropriation	17,000 00
November 1, 1903, Appropriation for debt	1,005,675 00
November 30, 1903, Interest on Investments	4,470 00
January 1, 1904, Interest on Investments	48,362 25
January 1, 1904, Interest on Bank Deposits	70,000 00
	<hr/>
	\$5,942,140 33
Less loans authorized but not issued (inside limit),	3,255,300 00
	<hr/>
Borrowing capacity	<u><u>\$2,686,840 33</u></u>

